

Message Text

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43

ACTION NEA-16

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 SAJ-01 OMB-01 IO-14 AGR-20 AID-20 EB-11

COME-00 TRSE-00 SWF-02 DRC-01 /161 W

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R 091005Z JUL 74

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 3628

INFO AMEMBASSY NEW DELHI

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NEW DELHI PLEASE PASS TO AMBASSADOR BOSTER

E.O. 11652: N/A

TAGS: EAID, BG

SUBJ: BUDGET SUPPORT FOR BANGLADESH: FOOD ASPECT

REF: A. STATE 145269; B. STATE 146146; C. DACCA 2845

1. WE ARE DISAPPOINTED TO LEARN THAT THERE SEEMS TO BE LITTLE IF ANY LIKELIHOOD BANGLADESH WILL BE ABLE TO OBTAIN CCC CREDITS WHICH WOULD PERMIT IT TO TAKE ADVANTAGE OF OUTSTANDING UNDERTAKINGS IT HAS ENTERED FOR IMPORT OF WHEAT. AGATT TOLD BY LOCAL REPRESENTATIVE OF CONTINENTAL GRAIN, WHICH HAS UNDERTAKING FOR 300,000 LONG TONS OF WHEAT, THAT BDG HAS FOUND CREDIT COVER 50,000 TONS OF THAT AMOUNT AND HAS ASKED COMPANY NOT CANCEL REMAINDER OF UNDERTAKING PENDING BDG SEARCH FOR CREDIT COVER BALANCE OF 250,000 LONG TONS. SOURCE TOLD AGATT HE UNDERSTOOD CARGILL UNDERTAKING FOR 100,000 LONG TONS STILL AVAILABLE BUT ALSO HUNG UP FOR LACK OF SHORT-TERM CREDIT. (RE BANK CREDIT, HAS BDG IN FACT INFORMALLY SOUGHT SHORT-TERM CREDIT FROM BANKS ACCEPTABLE TO CCC AND BEEN TOLD IT WOULD BE UNAVAILABLE?)

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2. WITH LEAN PERIOD JUST AHEAD, LOSS OF THESE UNDERTAKINGS FOR

WANT OF SHORT-TERM CREDIT SEEMS PARTICULARLY UNFORTUNATE SINCE DELIVERIES COULD PROBABLY BE ACCOMPLISHED BY TIME OR SHORTLY AFTER LEAN PERIOD BEGINS. BANGLADESH RATION SYSTEM OPERATES ON NARROW MARGIN IN MONTHS OF SEPTEMBER, OCTOBER AND NOVEMBER, AS WASHINGTON KNOWS WELL. THUS WE WILL HOPE THAT PL 480 TITLE I ASSISTANCE WILL BE SUFFICIENT AND TIMELY ENOUGH TO INSURE THAT RATION SHOP SYSTEM MAY OPERATE AT ACCEPTABLE LEVELS OF OFFTAKE. EMPHASIS HERE IS ON TIMING. CONSTRAINTS WORKING BACK FROM INTERNAL DISTRIBUTION, SHIPPING, ETC., ARGUE FOR COMMITMENT REASONABLE PORTION FY 75 TITLE I PROGRAM BY JULY/AUGUST. BANGLADESH HAS MANAGED TO COPE DURING LEAN PERIOD IN THE PAST TWO YEARS BUT THIS IS NO BASIS FOR COMPLACENCY. WITH CONFIDENCE IN THE BDG NOW MORE ERODED THAN IN PAST, THE PROSPECT THAT PUBLIC DISPLEASURE AT POSSIBLE FOOD SHORTAGES COULD TAKE VIOLENT TURN IS PERHAPS MORE LIKELY THIS YEAR.

3. THIS MATTER WAS DISCUSSED WITH AMBASSADOR BEFORE HIS DEPARTURE FOR INDIA AND THIS MESSAGE HAS HIS CONCURRENCE IN ESSENCE.
COCHRAN

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Message Attributes

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